

Pirsch, do you care to...there are no other lights on so it won't be necessary. Thank you very much. Senator McFarland, would you care to close?

SENATOR MCFARLAND: Yes. Thank you, Mr. Speaker, and fellow senators, I would like to go back to one point and emphasize what this amendment will do if it is approved. This amendment, if approved, will generate approximately the same amount of revenue that was generated in 1986. In 1986, we generated approximately \$366 million under our state income tax system. If this amendment is approved with the 21 percent rate, we will generate approximately \$369 million. It's almost exactly the same. That is why it is called the hold-harmless provision. In contrast, under LB 773, if it is enacted in its present form with the amendments, it will generate not three hundred...not approximately \$366 million, which we had last year, it will generate an additional approximate \$14 million. It will generate a total of \$380 million, \$14 million and what we generated last year. The question is, and that we should all be concerned with, is who is going to pay for this additional \$14 million of revenue? Who is going to shoulder the burden of this tax increase? And I suggest to you, if you look at the rates, the people that are shouldering that burden are primarily the people like you and me who are in the 20,000, 30,000, 40,000, maybe even \$50,000 category. Those are the people whose taxes are going to go up under LB 773. If LB...if the amendment is adopted and the 21 percent rate goes into effect, we have one year to see the results of the tax study and then next year we can come out...come in and do a tax system that would be fair to everybody, not pitting one income group against the other, but it would be fair for everyone. I don't agree that progressivity is out of our hands just because the federal government has changed its rates with regard to taxation and with regard to progressivity. We control how progressive the rates can be. Whether it's...whether we base it on adjusted gross income or federal taxable income, we are the ones who will set the rates for the particular brackets and determine whether it should be progressive, and, in fact, the lower income have a lesser rate and the higher income have a greater rate. We can determine those rates but we can...we can make that determination and make it in an informed manner if we have the results of the tax study available to us. It is a hold-harmless provision. Right now, we have already passed legislation that authorized the withholding rate of 21 percent. That is what is being withheld from the incomes of people in our state as the...from starting this year. We are doing it at the 21 percent rate and the